

# **AMERICA AND ASEAN: SHARED VISION, SHARED DESTINY**

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Thank you very much. Let me recognize the distinguished Ambassadors of the ASEAN nations, and the American Ambassadors. And I thank Chairman Jim Kelly and President Ernie Bower of the US-ASEAN Business Council; the Ambassadors Tour sponsors; and the members and guests of the Council very sincerely for the opportunity to join you this evening.

As we meet this evening, growth and confidence are returning to Southeast Asia after a very difficult and painful time. All of us, on both sides of the Pacific, are reflecting on the opportunities of a new century. This is, therefore, a timely moment for us to meet: one in which we can reflect on a new era; the challenges it poses for us; and the principles we bring to it. And that is where I would like to begin tonight.

## **AMERICAN PACIFIC STRATEGY**

The United States is a Pacific nation. More than a century of history has shown us that we have a stake, and we are inevitably involved, in each of the great questions the region faces – peace and stability, prosperity and growth, the protection of our environment. And this fact is the foundation of all our policies.

We make an unshakable commitment to peace and security: through our military presence, our alliances from Japan and Korea to Thailand, the Philippines, Australia and New Zealand; and our engagement with China.

We promote the values of human rights, individual freedom, and the rule of law: which as Jose Rizal, the inspiration of the Filipino anti-colonial movement, wrote more than a century ago, are the strongest assurances nations can have of domestic peace and harmony.

We support long-term development and progress through education: as we see today, with well over 50,000 Southeast Asian students in American colleges and universities.

We work toward common approach to the environmental problems of the air and water we share: conservation of fisheries and wildlife, development of environmentally beneficial technologies, means of addressing climate change.

And we work toward a healthy and open regional economy: as a source of sustainable growth and mutual benefit, and as a contribution to a more peaceful and stable region. This is expressed in our own open market policies, which made us the destination for nearly \$400 billion in Asian goods and services last year, and our Asian trade agenda:

- The broad commitment through APEC to “free and open trade” throughout the region.
- Our support for China’s economic integration, through the historic agreement on China’s accession to the World Trade Organization, and our progress thus far on permanent Normal Trade Relations.
- Our work toward market-opening and deregulation in Japan, marked by 38 separate agreements since 1992.
- The development of our trade and investment relationship with India, marked most recently by the largest trade agreement in the history of our modern relationship, eliminating India’s non-tariff barriers on 2,700 different products.
- And of course the 20 agreements we have reached with ASEAN members.

Taken together, the aspiration of these policies – as President Clinton said to the first APEC Leaders meeting in 1993 – is the development of a “Pacific Community” which is based on a realization of shared destiny and a commitment to mutual benefit; and which helps all the Pacific nations achieve their aspirations for prosperity; development; social justice; and peace.

### **THE ASEAN VISION**

This is also, of course, the vision of the Association of Southeast Asian Nations – evident in the Bangkok Declaration’s founding commitment “to secure the blessings of peace, freedom and prosperity” for Southeast Asia; and in ASEAN’s achievements over three decades.

- The steady growth of regional peace and stability, and in particular the healing of the division between capitalist Southeast Asia and Indochina: which has transformed this region of half a billion people from an arena of conflict into a source of stability for Asia.
- Southeast Asia’s consequent emergence as a center for world manufacturing, trade and education: which has enabled the children of soldiers and subsistence farmers to become today’s college students, professionals, teachers, and entrepreneurs.
- The development of joint security and economic initiatives -- from sponsorship of the ASEAN Regional Forum to the series of trade and investment programs that culminate in the ASEAN Free Trade Area: which has made Southeast Asia’s modern leaders – to look at trade alone, Secretary-General Severino; Dr. Supachai Panichpakdi, soon to head the

WTO; George Yeo; Dato Rafidah Aziz and many others – more influential than any previous generation in shaping the Pacific economic landscape and the world trading system.

This is a remarkable accomplishment -- and an accomplishment of imagination as well as of economics and diplomacy. President Clinton, in accepting the Charlemagne Prize for support of European unity, remarked that Europe's first steps toward economic integration after the Second World War were the "foundation of something entirely new" in the 1200 years since Charlemagne himself -- European integration achieved not by conquest, but by peaceful and voluntary choice. Looking back across a similar span of Southeast Asian history -- far past the upheavals of the last century, to the classical era of Angkor, Pagan, Sukhothai and Srivijaya -- one could say the same thing, with equal justice and well-earned admiration, of the foundation of ASEAN.

### **THE US-ASEAN ECONOMIC RELATIONSHIP TODAY**

From the American perspective, this is a transformation of great inherent value for Southeast Asia; and one fully consistent with our vision of the Pacific's future. Its practical results, likewise, are clear -- as Council members can attest -- in the remarkable growth of our economic relationship.

With an economy now nearly \$1 trillion, ASEAN is a market for American exports larger than all but three countries and nearly equal to China, Hong Kong, Taiwan and Macao together, with more than \$1 billion worth of semiconductor chips, 200,000 tons of wheat and 400,000 computers crossing the Pacific to Southeast Asia every single month. It is also the recipient of \$42 billion in American investment.

We in turn are a market of central importance for Southeast Asia, with our imports from the ASEAN exceeding \$80 billion in goods and services last year -- more than ASEAN's sales to China, Japan and Korea combined.

The importance of this trade relationship is especially clear in the aftermath of the financial crisis. While the suffering it brought is not yet over; and we will be studying the long-term lessons of the crisis for many years, it is quite clear that our relationship, both in terms of government-to-government links and human ties, eased the crisis and helped give the affected nations the markets necessary for a more rapid recovery. I should also note that the US-ASEAN Business Council's humanitarian programs in the region, and its support for Southeast Asian students in the United States, played a central role and deserve immense credit.

### **THE UNFINISHED BUSINESS**

Southeast Asians can take great pride in this record. All of us, on both sides of the Pacific, can be pleased with the development of our relationship to this point. But it is clear that we have more work ahead -- in the immediate future and as we think about our longer-term vision for our relationship and the wider Pacific region we share.

## **1. Indochina Trade Normalization and Vietnam Agreement**

First, completion of our normalization of trade relations with Indochina.

This has been a central goal of our Southeast Asian trade policy in the past four years, and we have made substantial progress. With Cambodia, the work is done: its results are evident in the extraordinary growth in Cambodia's exports to the United States, from \$4 million in 1996, before the grant of Normal Trade Relations, to nearly \$600 million last year. We have now gone further, with a special program that increases textile quotas as Cambodia improves respect for internationally recognized core labor standards. With Laos, we have signed a bilateral commercial agreement, and will continue to work with Congress to find the right time for passage.

The largest step, however, remains to be taken. It is nearly a year since our agreement in principle with Vietnam. With Congress in session for only two more months, we have a window of time in which to complete the work of the agreement and the approval of NTR; but it is a window that will close rapidly. For Vietnam, the completed agreement, together with NTR, will mean immediate and fundamentally improved access to an American market -- a tariff cut from Smoot-Hawley rates averaging 40% to Uruguay Round rates of below 3% -- which already supports \$1 billion in Vietnamese exports. Over the medium term, it will promote economic reform and long-term growth within Vietnam. We have an opportunity in the coming weeks to move this forward, and I hope we will be able to take advantage of it.

## **2. Reform and Recovery from Crisis**

Second, the region's recovery from crisis remains incomplete.

As recovery strengthens and people return to work, it is crucial that the admirable work a number of ASEAN countries have undertaken toward financial reform and restructuring continue: to strengthen the foundation of the ASEAN economies, reduce the likelihood of a similar event in the future, and ensure that Southeast Asia remains an attractive destination for investors. This is especially urgent in Indonesia. And for all the region as a whole, it is of particular importance not only with respect to the challenges of the present, but as we look to the future.

## **THE CHANGING PACIFIC**

That is because as the 21<sup>st</sup> century opens, the Pacific economy is changing in ways which will ask of Southeast Asia's leaders all the vision present at the foundation of ASEAN itself:

- As China enters the WTO, Asia's largest nation will integrate itself more fully into regional trade, investment and competition than at any time in modern history.
- The economic reforms underway in India -- which we see in our trade agreement and in the rapid growth of India's computer and software industries -- will have equally far-reaching implications for the region: in the coming decades, the psychological image and the economic reality of Asia may no longer end at the western shores of Java and Sumatra, but extend into the subcontinent.
- And in the Pacific as elsewhere, the revolution in science and technology is changing economic life more rapidly and profoundly than ever before.

Together, these shifts enable us to glimpse the Pacific economy of the future: one which includes the world's four most populous nations and four largest economies; one which is more tightly linked by communications, computer networks and economic exchange than ever before. All of us must adjust and rethink our policies as this approaches; but for Southeast Asia, the challenge and opportunity is perhaps greater than for any other region.

As the natural crossroads for trade in this larger economy, an integrated, technologically sophisticated ASEAN can serve each part of the Pacific -- as a manufacturer, an agricultural producer, a technological innovator and a provider of finance, shipping and distribution services. But by contrast, an economically fragmented or technologically lagging Southeast Asia will risk falling behind.

## **21<sup>ST</sup>-CENTURY TRADE AGENDA**

This challenge will appear in many different fields of policy: broadening access to the international telecommunications network, strengthening the rule of law, improving education and the skills of workers. But trade policy will play a part. And here I believe our goals in the coming years will be highly compatible.

### **1. ASEAN Free Trade Area**

First, we strongly support the continued economic integration of Southeast Asia. A more integrated market will be simpler, more efficient, and a site for investment which remains attractive in comparison with its neighbors; it will also, of course, be a better market for American exports. We therefore applaud ASEAN's decision to accelerate the ASEAN Free Trade Area, although it is important that this proceed on the ground as rapidly as it has on paper, and that individual ASEAN governments not selectively opt out of more sensitive industries if it is to have the credibility and effect it should.

### **2. Technological Progress**

Second, we see shared benefit in Southeast Asia's technological development: in the

prevention of a “digital divide” within the Pacific, and in developing the information economy.

A foundation element for this is improved protection for intellectual property, which will ensure both attractiveness to investors and the ability to develop local software, telecom and entertainment industries.

Equally important is continued liberalization of high-tech manufactured goods. This eases access for companies and individuals to new technologies, and capitalizes on ASEAN’s strength as an exporter. To take one example, since the Information Technology Agreement in 1997, ASEAN’s exports of computers and semiconductors have risen by over \$10 billion to the United States and \$4 billion to Europe. These are also virtually the only products in which ASEAN’s exports to Japan have grown during the Japanese recession.

We can do still more through an ITA II which broadens product coverage, and by updating and improving the agreement to account for the growing convergence of information technology products. Our hope is that all ASEAN governments will be able to join a consensus on this in the near future.

And the ability to benefit from the modern economy rests on rapid and unimpeded development of electronic commerce, modern telecommunications networks and the Internet -- without which, as Singapore’s Senior Minister Lee Kuan Yew has recently said, nations will be “marginalized and blindfolded” in the years ahead. The launch of the e-ASEAN initiative is a very good sign here. But one must say that in some countries there are more distressing signals, in particular the criminal penalties Burma has imposed for “unauthorized possession” of computers and modems – which diminish the country’s development prospects as sharply as they limit the education and progress of individuals.

### **3. An Open Pacific Region**

And third, we will work with ASEAN at every level to develop a more open Pacific region.

We hope to strengthen and improve our bilateral dialogue -- for example, by making better use of the Trade and Investment Cooperation Committee established in 1991 – as well as the annual US-ASEAN Dialogues. This would complement ASEAN’s existing dialogues with Australia and New Zealand, and China, Korea and Japan; and could help us both maintain and strengthen links between the ASEAN Free Trade Agreement and NAFTA in coming years.

Within APEC, looking forward to Brunei’s role as host of the Leaders Meeting this fall, we anticipate measured but steady progress toward fulfillment of the goal set at Bogor of “free and open trade” in the region. Here we hope to see regional initiatives like the Auto Dialogue and trade facilitation move forward; to find specific trade liberalization opportunities, as APEC did with the Information Technology Agreement; and, as we saw at the very successful Ministerial

meeting in Darwin last week, to build momentum and consensus for a new Round of negotiations at the World Trade Organization, including the beginning of preparatory work on industrial tariffs.

In this we will have important shared interests: the continued development of electronic commerce; the abolition of agricultural export subsidies and lowering of tariffs and other barriers to our farm products; an eased flow of services, from the tourism and travel fields that are so important to Southeast Asian economies, to the finance, telecommunications and other high-tech fields that are the key to growth. These of course are negotiations that have already begun, and our hope is to broaden them into a full negotiating Round. In this, ASEAN's support at Darwin, confirmed again by Prime Minister Chuan as ASEAN Chair last week, is of great importance.

### **CONCLUSION**

Altogether, this agenda holds out the promise of making the shared vision of Pacific Community -- the aspiration of American policy in Asia, and of the ASEAN founders -- into shared destiny.

It will not be a simple process or one without setbacks -- trade policy more often moves ahead slowly and incrementally than, as with China, in more rapid and dramatic fashion. But the development of our own relationship should enable us to proceed with great confidence.

The work Americans and Southeast Asians have done together, over decades, has given new opportunities and better lives to farmers, to businesses and to working people on both sides of Pacific. In so doing, it has helped to realize the enduring ideals of prosperity, freedom and peace at the heart of our relationship.

These were of course the goals of the ASEAN founders, embarking on a project of integration unique in two millennia of Southeast Asian history; and they remain the aspirations of Americans as we look out on the Pacific of the next millennium.

Thank you very much.